(ii) *The Federal Principle*

631 642 The same criticism may be applied to Article 2 ("Austria is a Federal State") as was applied to Article 1—namely, that it is a judgement rather than a law. Whether or not Austria was a federal State necessarily depended upon subsequent provisions in the constitution. Moreover, as Adamovich points out, the term 'federal State' is susceptible of a variety of interpretations. Kelsen, however, considered that the constitution of October 1920 could be accepted as a *bona fide* federal constitution since it provided for an organ whereby the Provinces could take part in the legislative and administrative work of the State. It differed, he thought, in this respect, from prewar constitutions, although these had contained, in many cases, provisions of a federal nature.

But it is clear that Austria was not a federal State in the sense that there was any question of sovereignty being divided between the State and the Provinces. It was not laid down in so many words that State law takes precedence over provincial law. But the absence of this statement—probably out of deference to the prevalent federalist views—did not mean so much an accretion of strength to the Provinces as an accumulation of work for the Constitutional Court.

• 647 642 In considering how far the federal principle was incorporated in the 1920 constitution it may be convenient to deal first with the extent to which the Provinces participated in federal legislation, since this participation constitutes, as Kelsen points out, the essence of a federal system.

By the 1920 constitution a federal organ, the Federal Council, was set up. The Federal Council was composed of members elected by the Provincial Councils.[1] The Provincial Councils did not, however, return an equal number of members.[2] Again, the provision that the representatives

[1] Article 35.

[2] Article 34. In this respect a compromise was reached between the more extreme of the Christian Socialists who considered that the Provinces, which varied greatly in size, should none the less, as equal sovereign bodies, return an equal number of representatives, and the Social Democrats who wished representation to be on a basis strictly proportional to the population.

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elected need not be members of the Provincial Councils, although they should be eligible for such membership, suggests that it was not intended that the Federal Council members should be directly representative of the Provincial Councils.[1] Further, proportional representation was introduced in order to secure representation for the largest of the minority parties in all the Provinces.[2]

The Provinces could not therefore be represented in the Federal Council, as they were in the American Upper House, by corporate bodies of voters. Indeed, the provisions of Article 56, by which it was decreed that members should not be bound by instructions from any outside body, were expressly made to apply also to members of the Federal Council.[3] And these Articles, apart from the fact that they made impossible a strict representation of provincial interests, also constituted a very considerable interference by the State on what might well have been regarded as purely provincial matters.

The influence of the Federal Council on federal legislation was a limited one. It could submit bills to the National Council through the Federal Government,[4] and with certain important exceptions, as, for instance, measures dealing with financial matters, it had a right of suspensive veto. Bills thus vetoed could, however, be repassed by the National Council by a special majority.

It may be said, therefore, that the Federal Council was not organized on a strictly federal basis, and that its powers, as compared with those of the National Council, were extremely limited.

Those legislative powers not specifically enumerated as belonging to the State, were left to the Provinces.[5] Actually

[1] Article 35, (2).

[2] Article 35, (1), inserted at the instigation of the Social Democrats.

[3] Kelsen comments on this: 'Dass die Mitglieder des Bundesrates nicht an die Aufträge des Landtags gebunden sind, der sie entsendet, ist jedoch darum besonders bemerkenswert, weil es sich beim Bundesrat doch offenbar um eine Vertretung der Länderinteressen handelt. . . . Die Mitglieder des Bundesrates sind daher ebensowenig Vertreter des Landtages oder eines Landes, wie die Mitglieder des Nationalrates Vertreter des Bundesvolkes oder einzelner Wählergruppen sind.' (Op. cit., vol. v, p. 145.)

[4] Article 41, (1).

[5] Article 15, (1).

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the Federal Government, or from individual members of the Government, they would be thereby removed from office.[1] It was not, however, intended that this weapon should be lightly employed against a Government, for it was stipulated that such a resolution would require a quorum of half the members of the National Council. And, if one-fifth of the members so demanded, the vote could be postponed for two days.[2] The Government, apart from this somewhat meagre stipulation, had no means of protecting itself against an adverse vote by a chance coalition in the National Council, since it could not confront the National Council with the choice between continued support and a dissolution.

As has been pointed out, the National Council had practically complete control over all legislation. It had also considerable executive functions. By Article 50, political and certain other treaties required for their validity the consent of the National Council. By Article 53, it was empowered to set up by resolution Committees of Inquiry,[3] before which all public authorities were obliged to give evidence if required. By Article 54 certain executive duties were specifically made over to the National Council, such as the fixing of the prices of such federal services as railways; the fixing of the prices of monopoly goods; and the fixing of the salaries of persons employed by the State. Apart from these specified cases, it was laid down in Article 55 that the National Council should share in the executive power of the State through its Chief Committee, to which reference has already been made. Kelsen has described this body as the most important political organ of the National Council.[4] Provision had been made for its election in the constitution of 14 March 1919. Its membership had then been fixed at eleven, whereas by the constitution of 1920

[1] It may be noted that, since it was anticipated that the dismissal of an individual minister by a vote of no confidence should not necessarily involve the resignation of the whole ministry, the cabinet system was not adopted.

[2] Kelsen comments on this: 'Dass die Wirkung des Misstrauensvotums verfassungsgesetzlich ausdrücklich normiert wird, ist eine Besonderheit unserer Verfassung' (op. cit., vol. v, p. 169).

[3] Cf. with Article 34 of the German Constitution, according to which such a committee had to be set up if one-fifth of members so demanded.

[4] *Jahrbuch des öffentlichen Rechts*, vol. xi, p. 246.

642 646 649 the number of members was not specified. And the President of the National Council was no longer *ex officio* a member and Chairman of the Committee. The Chairman was now elected by the Committee itself. The Chief Committee was elected by the National Council from among its own members, on a basis of proportional representation of all parties.[1]

642 646 693 Finally, the control exercised by the National Council over the judiciary was considerable. By Article 86, (1), it was decreed that the judges should be appointed upon nomination by the Federal Government.[2] The control exercised by the National Council over the Federal Government has just been pointed out. That exercised by it over the Independent Court of Audit has also been referred to. The President and half the members of the Administrative Court were appointed by the Federal Government upon nomination by the Chief Committee.[3] The President, Vice-president, and half of the members and deputy members of the Constitutional Court were elected by the National Council.[4]

It may be said, therefore, that by the constitution of October 1920, Austria was reconstructed as a democratic, federal, and parliamentary State, the pivot of which was intended to be the National Council.

(iv) *Conclusions*

642 The chief criticism that can be levelled at the 1920 constitution is the weak position in which its provisions placed the Government, the proper authority of which was deliberately undermined, mainly because of the fear of a return to the old, too powerful rule of the executive. The fact that the right to demand a dissolution was withheld from the Government, together with the fact that, owing to the introduction of pro-

[1] It may be noted that, although the National Council exercised no direct control over the Provinces, it did exercise very considerable indirect control, through its control of the Government.

[2] With regard to this article, it may be noted that although the senates were required to produce proposals for such appointments, these proposals were not, as they were in the project of 22 November 1918, made binding on the Government.

[3] Article 135. [4] Article 147, (2).

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well find a more dangerous outlet. The parties were not the villains of the piece—but the constitution, by which they were accorded a disproportionate amount of power.

Distrust of the National Council was manifested on all sides. The parties of the right hoped to undermine its power by strengthening the office of President; the Social Democrats, by a more frequent use of the Referendum.[1] In fact, it transpired in the course of the 1929 debates on constitutional reform, that the Social Democrats had revised their views on constitutional questions almost as much as their rivals, the Christian Socialists. Renner, for instance, in the debate on the first reading, remarked that the great weakness of the 1920 constitution had been the concentration of power in the Lower House, to the exclusion of all other bodies.[2] For this reason he announced his approval of the proposals made for strengthening the position of the Government and the President.[3] It is true that Renner was very much more conservative in his views than the majority of the Social Democrats. But the party leaders as a whole were well aware that they were on the defensive, and they did not therefore show themselves averse from reasonable compromise.

One result of the over-politicizing of public life, to which attention had frequently been drawn in the past by Dr. Zimmermann, had been a tendency to multiply officials, and thus to increase the cost of government.[4] Attempts to check

[1] Their proposal was that every bill taken up by Parliament should be submitted to a Referendum if one-third of the National Council advised it, or if 300,000 electors demanded it. (See *Pester Lloyd*, 10 October 1930.)

[2] 'Das ist die erste grosse u. tragische Schwäche unserer geltenden Verfassung, dass sie nicht ein Gleichgewicht hergestellt hat unter den mehreren Trägern der staatlichen Autorität, sondern dass sie alles auf eine Karte gesetzt hat, dass sie den Staat u. seine Ordnung, seine Sicherheit u. Freiheit auf die eine Säule des allmächtigen Parlaments aufbauen wollte. . . . Die Verfassungsnovelle ist vor allem charakterisiert durch das Bemühen, das alte demokratische Ideal der Gewalttrennung durchzuführen.' (*Stenographisches Protokoll*, 102 Sitzung, 22 October 1929.)

[3] 'Es soll vor allem die Bundesregierung in ihrer Position gestärkt werden. Das geschieht schon dadurch, dass der Bundespräsident sie ernennt. Der vorliegende Entwurf hält die Mitte zwischen der Präsidenten-Republik u. der Parlamentarischen-Republik; ich glaube eine gesunde u. richtige Mitte' (op. cit.).

[4] *Neues Wiener Abendblatt*, 18 September 1929. Schober pointed out that Austria, a country of seven million persons, had seven hundred members of legislative bodies, (*Reichspost*, 20 October 1929.)

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the growth of federalism, and so simplify the structure of government, had actually contributed further to this end.[1] The number of officials was to some extent curtailed by the 1929 reforms. The National Council was reduced from one hundred and sixty-five to one hundred and twenty members,[2] and the Provincial Councils were limited in proportion to the number of citizens in the Province.[3] The cost of administration in general was cut down. But Schober announced after the passage of the Bill that he was still far from satisfied in this respect. The fact that the constitution of 1920 was, in any case, too expensive and too complicated to be worked satisfactorily by a people inexperienced in the art of self-government was not, however, generally grasped,[4] and the constitution emerged after the reforms if anything more complicated than it had been before.

One of the chief aims of the reforms was to strengthen the executive. The power of the President, hitherto little more than a figurehead, was therefore greatly extended, chiefly at the expense of the National Council.[5] Schober made use of the suggestions put forward by the Pan-Germans at Salzburg in 1920, by the Christian Socialists since the beginning of 1928, and by the *Landbund* in a memorandum addressed to Steeruwitz on 31 August 1929.[6] In the main the new proposals followed the German model. The President's term of office was extended from four to six years; and direct election was substituted for indirect. The Christian Socialists maintained firmly that this was the more democratic method.[7] The device

[1] Thirteen different kinds of jurisdiction were now recognized, instead of the four envisaged by the constitution of 1920. Kelsen remarks that 'die Folge davon . . . ist, dass die Verteilung der Kompetenzen zwischen Bund u. Ländern ein überaus kompliziertes Bild der verschiedensten Rechtsfiguren zeigt'. (*Jahrbuch des öffentlichen Rechts*, vol. xviii, pp. 133–4.)

[2] A result of the restriction of the franchise to those over twenty-one years of age.

[3] B. G. Bl. Nr. 393, Article 95, (4).

[4] The Social Democrats, for instance, proposed a wider use of the Referendum, by which every bill should be submitted to the people, if one-third of the National Council so desired, or if 300,000 electors so requested. (*Pester Lloyd*, 10 October 1929.)

[5] Articles 60–7. The idea of a strong government was still suspect.

[6] Malbone W. Graham, 'Constitutional Crisis in Austria', *American Political Science Review*, vol. 24, 1930.

[7] *Reichspost*, 22 October 1929. Seipel, ibid., 19 October 1929.

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	Millions of Schillings
Allocations include (*contd.*):—	
Industrial Investments	4,113·1
Electric Power	1,424·3
Coal-mining	226·0
Other Mining	25·7
Primary Iron and Steel Industry	827·7
Non-ferrous Metals Industry	126·2
Electrical Engineering	85·1
Chemical Industry	174·4
Secondary Iron and Metal Industry	215·1
Textile Industry	214·0
Woodworking Industry	121·3
Paper Industry	533·2
Leather and Leather Goods Industry	6·9
Special Recovery Programme	1,467·0
Agriculture	719·7
Forestry	156·3
Tourism	256·7

In May 1948 an ERP Central Office was set up in Vienna and made responsible to the Minister for Foreign Affairs. In December 1949 the economist, Professor Wilhelm Taucher, who had been Minister of Trade before the War, was put in charge of it, and the office then became part of the Federal Chancellery.

It became clear to all those responsible for administering Marshall Aid in Austria that the fundamental need of the Austrian economy was to improve the efficiency of production, or increase 'productivity' in the specialized sense of the term. Only in this way could Austrian goods compete successfully in world markets. It was therefore decided in April 1950 to establish an Austrian Productivity Centre with the task of doing everything possible both by study and practical measures to increase productivity in all branches of the Austrian economy. Professor Taucher became president of the Centre.

The productivity of the whole Austrian economy after the War was lamentably low. In 1947 it was estimated to be

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between 50 and 55 per cent less than the 1937 level. There were certain obvious reasons for this state of affairs: war damage, out-of-date equipment, lack of fuel and raw materials, and the influence of food shortage on the physical and mental efficiency of the workers. But as conditions improved it became evident that there were other factors contributing to the same result that could in some measure be mastered by the education and endeavour of the Austrian people themselves. Years of rationing and controls had weakened the competitive sense in Austrian industry. The severity of the post-War crisis, uncertainty as to the future, combined with the occupation and the arrival of foreign help, led many to assume that salvation could only come from outside and in no way depended on themselves. A good system of social legislation and a liberal allowance of public holidays on religious and secular occasions added a false sense of security and even a touch of recklessness to the prevailing attitude.

The Productivity Centre, which was supported both by the trade unions and the employers, worked by three main methods. It maintained a staff of experts who made systematic studies of productivity problems, carried out investigations of actual enterprises, and recommended improvements in method. With ERP help it arranged for foreign technical experts to visit Austria and organized study tours of Austrians in the United States and other countries. Perhaps most important of all, it initiated a publicity campaign to make the Austrian people conscious of the productivity problem. Two series of booklets were published dealing with specific aspects of the productivity campaign as it affected Austria, and an illustrated periodical entitled *Der Schlüssel* ('The Key') kept the public informed regarding the activities of the Centre and the efforts made in other countries to raise productivity.

The main aim of the Centre's educational work was to drive two points home: that it is worth while for the individual to increase his income and standard of living by means of better work and achievement, and that Austria's future prosperity would depend upon a co-operative effort by everyone concerned to increase the efficiency of all branches of the national economy.

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during the inflation and devaluation that followed the two Wars. But until quite recently their dislike of any organized protest remained.

During the whole series of Price–Wage Agreements, except the last, these people were discriminated against consistently. In the grave national emergency it was right that the better paid of them should be called on to make great sacrifices, though the process was carried too far, but in the case of the worse paid the discrimination was never just. The wage-earners were catered for adequately in the circumstances. The incomes of landowners and industrialists participated, in varying degrees, in the inflationary process, and their earning powers remained. But the categories in question suffered both from devaluation and State neglect. The situation therefore arose in which a young surgeon or research worker might receive a fraction of the income of a wage-earner of the same age whose hours of work were considerably less.

The incomes of academic workers were so low by world standards that there was the strongest temptation for them to emigrate, and it was almost impossible to persuade foreign professors to fill Austrian chairs. At the end of 1951 the net salaries of Austrian professors varied between 3,489 schillings ($163.34) a month [1] for the most senior and 1,866 schillings ($87.31) for the lowest paid. The Privatdozent, or lecturer, member of a traditionally neglected class in Austrian and German universities, got no salary, but received lecture dues amounting on an average to 540 schillings ($25.28) a year, which might just cover his tram-fares. The starting salary of school teachers in 1951 was less than three times the 1937 figure and the final salary less than twice the amount, which meant that the teacher's standard of living had fallen by more than 50 per cent since pre-War days.

As regards administrative civil servants, in March 1951, before the Fifth Price–Wage Agreement, the increase in their net salaries since 1946 varied between 120 and 180 per cent,

[1] Calculated at the commercial rate of 21·36 schillings to the dollar. The foreign visitor to Austria normally obtains 26 schillings to the dollar.

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while the cost of living had risen during the same period by more than 400 per cent. This state of affairs applied not only to the top ranks, but to those with salaries of less than 1,000 schillings a month, who were therefore in lower-income groups than many wage-earners who had been adequately cared for by the Price–Wage Agreements.

Two examples will illustrate the position of certain highly qualified groups in industry and the professions.

The discrimination against some salaried industrial employees with most valuable technical qualifications has been carried to foolhardy lengths, especially in the nationalized industries, and has aroused the indignation of enlightened managers and directors, whose political opinions put their loyalty to the principle of nationalization beyond question. In one of Austria's greatest industrial enterprises the engineer in charge of the main productive process, who has saved the management millions of schillings a year by his technical knowledge and initiative, was earning less in 1952 than a number of his own labourers. Were such a man to emigrate even to Western Germany he could easily obtain many times his present salary. He is only prevented from doing so by patriotic sentiment, interest in his work, or sheer lack of money to cover the cost of moving. But Austria's need of such men is as great as any country's in the world.

A second example is provided by the case of the 'guest doctors' in Austrian hospitals. The title was given to newly-qualified doctors in need of experience, who were employed by hospitals without any remuneration. This form of exploitation was possible owing to the large number of medical students, but in the many cases where the 'guests' played an essential role in the running of the hospitals it was quite inexcusable. In 1947 there were several hundred 'guest doctors' in Vienna, and by the summer of 1951 the number had risen to 700. The salaries received by young doctors were at best very low, and as a result there was a tendency for some of the ablest of them to emigrate. The loss of outstanding talent in this way is especially damaging to a country whose capital in

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759 the past has had a great reputation as a centre of medical studies.

During the last two or three years an increasing number of Austrians, belonging to both the main political parties, have become aware of the danger of these developments, and certain palliative measures have been taken on a piecemeal basis.

759 In 1950 the salaries of qualified medical assistants were raised from the miserable scale of 200 to 300 schillings ($9.36 465 to $14.04) a month to the still quite inadequate scale of 310 to 390 schillings a month, and very small extra payments were made for night work. In the summer of 1951, as a result of determined protests and a public demonstration by the 'guest doctors', the Minister of Finance agreed to fifty of them being taken on as paid medical assistants in Viennese hospitals.

875 University professors were given allowances for the pur- chase of books and certain minor concessions regarding taxa- 465 tion. Lecturers obtained research allowances of 165 schillings a month. And in connexion with the Universities of Vienna, Graz and Innsbruck special accommodation was built to relieve the housing shortage from which many professors were suffering. Since the War students' fees at Austrian universities have been extremely low and until recently averaged between 160 and 200 schillings a year. To increase the normal remuneration of the professors, the Government agreed in the autumn of 1952 that the fees should be trebled, and, in deference to the students' protests, undertook temporarily to bear the whole cost, until a final settlement could be negotiated for the following summer semester. Yet, in spite of these various measures, the net salary scale for professors at the beginning of 1953 ranged from 4,530 to 2,255 schillings ($212.08 to $105.57) a month. The net monthly salaries of school-teachers varied between 2,561 and 1,079 schillings ($119.89 to $50.51).

● 647 As has been seen, the Fifth Price–Wage Agreement improved 465 the position of the administrative civil servants. By the summer of 1951 the cost of living had risen by over 470 per cent since 1946. The civil servants asked that their salaries

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should be brought up to 350 per cent above the 1946 level, but owing to the opposition of the Finance Ministry and the trade unions the increases they were given by the Agreement only amounted to a 270 per cent improvement on the 1946 figure and within a few months were largely offset by the substantial rise in prices that followed. The 12 per cent increases received under the Agreement by salaried employees in industry, compared to the 10 per cent increases given to wage-earners, made very little difference to their depressed condition.

In fact, although these various measures revealed a changing attitude on the part of the authorities towards the whole problem, they were quite insufficient to bring an end to the inherent dangers of the situation. Neglect of the economic position of civil servants and academics is a common disease of States in the twentieth century. But few States are suffering from it so seriously as Austria, and fewer still are so vulnerable to its effects. Austria is faced with complex and stubborn political problems. Her cultural and economic contribution to the world since 1918 has been based on quality, not quantity. It is therefore of vital importance to her future that her civil service should continue to attract men of great ability and that her high intellectual standards should be maintained. The pride and devotion of her public servants and academic class have been exemplary in recent years, but they cannot without deterioration stand up indefinitely to the inordinate strain that is being imposed on them.

INTRODUCTION

In my capacity as Foreign Consultant to the Library of Congress, I attempted to provide in this study a report on Austria's postwar economic problems accompanied by a short survey of the Austrian economic theory and related literature.

The survey deals with the reconstruction of Austria in the period from 1945 until 1952, and the major economic elements and features sponsoring the reconsolidation of the country are considered. The ideological reflections elaborated therein are the result of those basic decisions which had been shaped within the scope of the Ministerial Committee for Economic Questions, which is a sub-committee of the Federal Austrian Government. The Ministerial Committee for Economic Questions is a joint bipartisan committee consisting of representatives of the Austrian People's Party and of the Socialist Party of Austria and functions in accordance with the constitutional rules of the Austrian Federal Government. Consequently, resolutions made by it require in each case unanimous vote of its members. Built up on this fundamental basis are the big investment programs of the Austrian Federal Government, which have been carried through during the last years, particularly after the ERP Program started. These programs are set up by the ERP Central Office of the Federal Chancellory in permanent consultation with the competent Ministerial Departments and the interested parties of industry, trade and commerce before a definite decision is taken by the Ministerial Committee for Economic Questions, whence they are reforwarded to the respective sections of the ECA Service.

As regards the five agreements about wages and prices reached in the years from August 1947, they were negotiated and passed as a result of common deliberations between the various interested economic associations (Federal Chamber of Industrial Activities, the Chamber of Agriculture, Labor and Trade Union), whereby, in this sector which is so important to the whole economy of the country, a middle line was maintained and the political interests coordinated as far as possible. In this connection it might be considered that all political parties agree in the view that the real wages and salaries of the workers and employees should be maintained, thus

815 structure) and "Gestaltungslehre" (principles of development), whereby occurrences within the society are reflected in the particular social establishments as, for example, in the relation of necessity and satiation in an economy. In addition, representatives of the "organic principles" are E. H. Vogel (Theorie des Bedarfdeckungsprozesses und der Einkommensbildung, 1945), who, in his works on financial science, does acknowledge the influence of the Austrian School; W. Heinrich (Wirtschaftspolitik, 1948), a pupil of O. Spann who follows the trend towards social universalism and H. Tautscher (Bankenverstaatlichung; Zur Frage des gestuften Zinses, 1946; Staatswirtschaftslehre des Kameralismus, 1947). Tautscher, sharing partially the ideas of Vogel, nevertheless follows a more neo-mercantile trend while Th. Pütz (Theorie der allgemeinen Wirtschaftspolitik und Wirtschaftslenkung, 1949) follows Gottl.

National economists of a more conservative viewpoint, whose interests center more around questions of economic and social policy, are F. Degenfeld-Schonberg, F. A. Westphalen and E. Lagler. The sociologist A. M. Knoll is a close associate.

Theorists of the socialistic conception, who, besides historical researches, promulgate questions of planned economy, prospects and crises, socialization and union problems, include: C. Grünberg, Emil Lederer, J. Marschak (agrarian problems).

816 647 Next to the pure theorists are to be mentioned practical economists, with accumulated knowledge and experience, who, in responsible public positions promulgated the Austrian course in many a crisis. Of the large number, just a few recent ones can be mentioned.

V. Kienböck was formerly minister of finance and president of the Oesterreichische Nationalbank. After the First World War, as financial expert of Federal Chancellor Ignaz Seipel, he effected the currency reform. Kienböck is at present consultant to the Oesterreichische Nationalbank. His book on currency and economy appeared in 1947 (Währung und Wirtschaft).

W. Taucher was minister of commerce and chief of the Chamber of Commerce of Graz in Styria. He is now managing the ERP Central Office within the Federal Chancellery. Taucher lectures at the University of Graz on economic policies.

In addition the Institute had been entrusted with a number of tasks by public institutions or by agencies working for public interests. The Federal Chancellery, Central Office for ERP Affairs, entrusted to the Institute the preparation of reports and the expression of opinions as well as other tasks, while the Central Office itself, in accordance with Article VI, paragraph 2, and Article VII, paragraph 4, of the bilateral agreement between the United States of America and Austria of July 2, 1948, prepared the quarterly economic reports, outlining results achieved with ERP means and the economic measures undertaken. The Austrian Investment Program of 1950-1952 has been designed in collaboration with the Institute.

A close cooperation exists between the Institute and the "Oesterreichisches Produktivitätszentrum" (OPZ) (Austrian Productivity Center), Vienna. The Zentrum was created by a ministerial decision of March 6, 1950. Dr. Taucher, Chief of the Federal Chancellery, Central Office for ERP Affairs, serves as president. Dr. Nemschak acts as manager. Within the scope of this cooperation a number of problems were investigated: the scarcity of vocational employment for youth and combating it; the Austrian paper industry; the processing of Austrian foreign trade transactions; the Viennese housing requirements and its future development; opinion studies of managers, engineers, foremen, and employees relative to production increases; possibilities of increased yield from the tourist trade through elimination of seasonal trends; cooperation in the designing of rules permitting the ascertainment of production index numbers of cotton textile mills relative to a coordination of the averages with upper and lower margins. Shortly released will be: structural analysis of the Austrian textile industry; analysis of the employment possibilities and causes of unemployment in the catering trade; preparation of a memorandum about the effects of a prolonged scarcity of imported raw materials upon Austrian production and employment situation; the Austrian railroad-trucking problems; the development of productivity since the end of the war; extension of a wage and earning index in collaboration with the Bundeskammer der gewerblichen Wirtschaft; comparison of the living cost indexes of various countries; development of raw material consumption, investment activity and turnover; improvement of living costs and wage index calculations for which additional statistical investigations are necessary. The Austrian Productivity Center published monthly a pamphlet Der Schüssel (The Key), intended to foster within an extended circle of readers understanding of production step-ups and exchange of technical experiences.

204 177 647 433 Operating within the Austrian Productivity Center there is a sub-section for "Technical Assistance." This provides Austrian experts of various establishments with opportunities to acquaint themselves with the latest developments of their business lines in the United States. The results of these study trips are evaluated in a publication Die Studienreise, in which the impressions and experiences of the technical assistance delegation are brought to the attention of a large circle of interested persons. The first publications are entitled Moderne Holzernte (Modern Lumber Crops) and Gäste aus Amerika (Guests from America). To acquaint the public at large in a comprehensive manner with the productivity problem, a popular pamphlet series Der Ausweg (The Way Out) has been published, its first number being entitled Produktivitätssteigerung--der Ausweg (Greater Productivity - the Way Out).

Particularly valuable for the exchange of ideas, formulas, etc., is the Economic Technical Information Service of the Austrian Productivity Center which developed into a liaison office between domestic and foreign information centers. Collaborating with Technical Assistance, it answers inquiries about American production processes, firms and equipment, and loans small-sized motion picture films and projection apparatus. It further provides, in cooperation with OEEC countries, trade or professional journals and books, furnishes excerpts of the latest American professional literature ("Digest and Abstracts Service") and answers inquiries about American licenses and patents. This service is supplied and supported by a documentation center.

647 816 [204] A special cooperation for the furtherance of statistics exists between the Oesterreichisches statistisches Zentralamt, Wien (Austrian Statistical Central Office, Vienna), and the Institute of Economic Research. The Statistical Central Office publishes monthly, in collaboration with the Committee of Economic Central Offices and Chambers, the official Statistische Nachrichten (Statistical News), the editor-in-chief of which is presently Hofrat Dozent Dr. Arnold Madlé. In this connection the Oesterreichische Statistische Gesellschaft (Austrian Statistical Society) should also be mentioned. It was established March 31, 1951, for the purpose of cultivating statistics in all sections of the social and natural sciences besides furtherance of statistical teaching. Chairmen of the board of trustees are: the president of the Austrian Statistical Central Office,

former minister Dr. Georg Zimmermann, and the manager of the Statistisches Institut der Universität Wien (Statistical Institute of the University of Vienna), Professor Dr. Wilhelm Winkler. The latter is the author of a number of treatises about principles of methods and economic statistics. In this field of endeavor he is being supported by F. Klezl-Norberg, vice-president of the Statistical Central Office. These two theorists share, from a national economic point of view, the ideas of the Austrian School, whereby the first named inclines more or less towards mathematics and economics. 647 816

The Ständige interministerielle Referentenkomitee zur Bekämpfung der Arbeitslosigkeit und Sicherung der Vollbeschäftigung (Permanent Inter-ministerial Committee of Department Heads to combat Unemployment and to secure Full-time Employment) also cooperates with the Institute of Economic Research. This committee concerns itself not solely with the task of enforcing immediately adequate measures, but also directs attention towards weak points in the economy which eventually could influence the intensity of work; it further prepares long-term economic measures which should be enacted. [464] [654]

The Mitteilungen (Reports) of the Oesterreichisches Kuratorium für Wirtschaftlichkeit (Austrian Board of Trustees for Economy), a board sponsored by the Bundeskammer der gewerblichen Wirtschaft, are especially concerned with rationalization problems (Manager: Consul Schmidhuber). Science of business economics is a discipline particularly taught at the Hochschule für Welthandel, Vienna, which has quite a number of experts on its lecturing staff (W. Bouffier, F. Dörfel, K. Oberparleiter). This branch of science became, via the balance theory, more and more related to theoretical economics. In this way--and this applies to the entire field of commercial science--the selection of themes, the setting of problems and the methods of presentation show the influence of the Austrian School. The science of business economics has contributed to better and more standarized forms of accounting, improvements in bookkeeping and cost accounting. Scientific handling of advertising and market research has substantially improved plant management. 874 451 816

Austria has become intensely interested lately in methods of work psychology, which have proven successful in the United States, England and other western nations. In this connection may be mentioned the 461 466 816

Austrian Econbmist), founded by W. Federn in cooperation with G. Stolpern. An English edition is now being issued. The Vereinigung österreichischer Industrieller, a private society of industrialists, issues a weekly Die Industrie. Direktorium der Oesterreichischen Nationalbank, issued monthly, is top-notch. It contains, in addition to topics about the financial and economic developments in Austria, statistical charts, diagrams, data about the circulation of currency, the processing of reconstruction credits, rates of exchange, ERP counterpart accounts, surveys about the development of credit volume and of deposits, price trends, imports and exports, payment balances, etc. The Creditanstalt-Bankverein, Vienna, issues besides its quarterly economic reports, Wirtschaftsberichte, and monthly Monatsberichte, special publications (e.g., on the Marshall Plan). The Oesterreichische Länderbank A. G. Vienna also issues a monthly report. The association of banks and bankers, Verband österreichischer Banken und Bankiers (President: Dr. Josef Joham, General-Manager of Creditanstalt-Bankverein; Manager: Dr. E. Kastik) publishes semi-monthly the Bankenkorrespondenz (Editor-in-chief is Dr. Gustav Knoth). It contains news about international developments in banking and finance.

With regard to ERP aid, there appear besides the quarterly publications of the Federal Chancellery ERP Central Office, a number of compiled publications, among them Oesterreich und der Marshallplan (Gerlach and Widing, Vienna, 1950) and the Oesterreichisches ERP Handbuch (Verlag für Geschichte und Politik, Vienna, 1950). The latter two were published under the sponsorship of the Federal Chancellery ERP Central Office and contain basic documentary material (laws, etc.). In commemoration of its 100th anniversary the Bundeskammer der gewerblichen Wirtschaft published a lavishly detailed work: 100 Jahre österreichischer Wirtschaftsentwicklung 1848-1949 (Springer Verlag, 1949) under the editorship of Professor Hans Mayer. In this extensive volume emphasis is on economic questions not only from a historical but also from a scientific point of view. Of economic periodicals catering to a professional audience mention must be made of Die Wirtschaft and Die internationale Wirtschaft, both published by the Oesterreichischer Wirtschaftsverlag, Vienna. A number of publications emphasizing vocational trends are issued by the Oesterreichisches Gewerbeförderungsinstitut (Austrian Institut for Trade Promotion, Vienna), an institution sponsored by the Bundeskammer der gewerblichen Wirtschaft.

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475 regulations as privately owned enterprises.

If companies or enterprises, under the regulations of the corporation law, were for any reason not as yet able to install the required responsible executive managements (executive officers, board, stockholder meetings) the competent authority, in accordance with the terms of the federal law of July 26, 1946, installed public administrators. The privilege, however, does not apply to enterprises and plants working under their legally installed executive managements; such an existing status permits the government to introduce motions, by its delegated board members, only within the scope of legal corporate requirements.

[illegible] According to the federal constitutional law of June 16, 1948 (Rechnungshofgesetz), all nationalized enterprises are subjected to the accounting and business policy control of the Oberster Rechnungshof (superior accounting office of the government), which in turn is responsible to the parliament for rendering account.

By these means parliament wanted to prevent red tape in the commercially managed establishments.

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727 c) The reconstruction of the Austrian credit institutions.

Following the loss of Austrian sovereignty in 1938, changes within the great Austrian banking organizations occurred. The Austrian National Bank disappeared as bank of issue, its Vienna organization became a branch office of the German Reichsbank, the substantial gold and foreign exchange holdings as well as other assets were transfered to the latter, so that from 1938 to April 1945 no independent money and currency policy was possible.

Likewise, the nationalized banking institutions were confronted with structural changes which, after 1945, brought about problems of balance adjustments. Therefore, if the entire question complex and the enforcement of relative measures are to be ascertained, it is necessary to become acquainted with the developments which have occurred. Austria, having been reestablished as a sovereign nation at the end of the war, faced a greatly changed situation in comparison with 1937. The prior assimilation into the economically and organically different economy of the German Reich, caused a far